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RUEHC/DEPT OF LABOR WASHDC
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RHMFISS/HQ USAFRICOM STUTTGART GE
RUZEJAA/JAC MOLESWORTH RAF MOLESWORTH UK

UNCLAS SECTION 01 OF 04 ABUJA 001357

SENSITIVE
SIPDIS

DEPARTMENT PASS TO USTR-AGAMA
DOE FOR GPERSON, CHAYLOCK
LABOR FOR SHALEY
DEPARTMENT PASS TO USAID
USDA/FAS/OTP FOR MCKENZIE
USAID/AFR FOR ATWOOD

E.O. 12958: N/A
TAGS: [PGOV](#) [ECON](#) [ELAB](#) [PREL](#) [EPET](#) [EFIN](#) [NI](#)
SUBJECT: NIGERIA: POL/ECON UPDATES FOR JULY 1-23, 2009

REF: ABUJA 1272
ABUJA 1290

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1. (U) The following is a joint Embassy Abuja, ConGen Lagos compilation of July 1-23, 2009 political/economic highlights, which did not feature in our other reporting, covering:

--Political News
--Economic News
--Narcotics News
--Delta Incidents

POLITICAL NEWS

1. (U) FOREIGN MINISTER ALMOST LAUGHED OFF STAGE: ThisDay reported on July 17 that Minister of Foreign Affairs Ojo Maduekwe announced to hundreds of guests at the Lagos Civic Center that President Obama "held him by the shoulder and told him, 'I want to visit your country very soon.'" The report also said that before he could even finish his sentence, the audience erupted in laughter for over two full minutes. The report added that Maduekwe, visibly embarrassed by the laughter, stood looking helpless watching the scene, then attributed the negative response to President Obama's speech, which he said "debased Nigeria's self esteem as a people." Maduekwe then added, "We are destined to laugh last... Nigerians know those who are their true leaders, and at the end of the day the Yar'Adua administration will definitely succeed."

2. (U) NIGERIAN SENATE OPPOSES ANOTHER INEC BILL: On July 21, ThisDay reported that the Nigerian Senate rejected the second, of a total six, electoral reform related bills introduced by President Yar'Adua. The Upper House had in May, this year, thrown out the Political Parties Registration and Regulation Commission (PPRC) Bill, which was seeking to take over the registration and regulatory functions of INEC as constitutionally mandated.

3. (U) INEC RETREAT TO WORK OUT KINKS: ThisDay reported on July 23 that the Independent National Electoral Commission (INEC) will hold

a strategic retreat of top management and technical staff from August 3 to 4, 2009, reportedly in Kaduna. Lagos State Resident Electoral Commissioner (REC), Mr. Moses Ogbе, told the local reporters that many of the problems that marred past elections would be addressed at the retreat "so that the 2011 exercise will mark an improvement on the past efforts." He also added that "the number of re-run elections held so far was an opportunity to learn from past mistakes. Speaking on the call from many groups and individuals for the removal of the INEC Chairman, Professor Maurice Iwu, he said, "Let me say that Professor Iwu's tenure has not expired. Professor Iwu has also made it clear that if the stakeholders or the public say that he is part of the problem, then he should also be part of the solution. Like I have said whatever mistake that were made in the past we are also trying to correct them."

14. (U) NATIONAL ASSEMBLY WANTS CREATION OF NEW STATES: Leadership Nigeria reported on July 21 that Members of the National Assembly vowed that there would be no constitutional amendment on electoral reform without creation of additional states. Senator Ayogu Eze, (Enugu State North) stated that "the issue of a constitutional amendment was key to democracy and that only state creation would provide the dividends of democracy. Our people are interested in state creation; our people are of the view that state creation is very important in a democratic dispensation." Eze also insisted that creation of states should come before the 2011 general elections, stating, "we know it is feasible and we equally know that it would unite the country."

15. (U) TIME IS RUNNING OUT FOR ELECTORAL REFORMS: The Daily Trust reported on July 21 that Electoral Reform Committee (ERC) Chairman and former Chief Justice, Muhammed Lawal Uwais, warned that with only 22 months to go before the tenure of current political office holders runs out, time is running out for the enactment and

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implementation of approved aspects of the ERC report. In his remarks to participants at the National Conference on Consensus Building for Electoral Reform, jointly organized by International Republican Institute (IRI), National Democratic Institute (NDI) and Centre for Democracy and Development (CDD), Uwais blamed President Umaru Yar'adua and the National Assembly for the delay in the implementation of the ERC's recommendations, claiming that "he may not be interested in the electoral reform effort." He added that the "Committee is convinced that the recommendations contained in the ERC report are necessary and sufficient to improve the quality of our election, and therefore should be considered urgent by President Yar'Adua, the National Assembly, Governors, and State Assemblies to affect the Constitutional, statutory, administrative and institutional changes required to achieve the desired effect."

16. (U) INEC REGISTERS FOUR NEW POLITICAL PARTIES: On July 20, the Independent National Electoral Commission (INEC) registered four new political parties, bringing the total number of political parties to 54, all of which are to be registered for participation in electoral contests in Nigeria. The new parties are the United National Party for Development (UNDP); National Movement of Progress Party (NMPP), the Kowa Party (KP), and People for Democratic Change (PDC). In a statement released by INEC's Acting Director for Public Affairs on July 21 to ThisDay, Mr. Umenger Emmanuel, INEC approved the registration of the four Political Parties after they had satisfied all requirements specified in Sector 222 of the Constitution of the Federal Republic of Nigeria and the Electoral Act 2006. Emmanuel added that "INEC is considering applications from political associations that have also applied for registration."

17. (U) BAUCHI STATE DEP GOVERNOR HOUSE TO BE RAZED: Bauchi State Deputy Governor Garba Gadi has encountered additional difficulties. On July 8 the Daily Trust reported that the Bauchi State government plans to demolish a two-bedroom flat owned by Gadi. News of the planned demolition was presented to Gadi just two weeks after he was served with an impeachment notice alleging financial misconduct (ref A).

18. (U) RIVERS STATE GOVERNOR BANS EFCC AND AG: According to ThisDay on July 20, Rivers State Governor, Rotimi Chibuike Amaechi, slammed

Nigeria's Attorney General Michael Aondoakaa and Economic and Financial Crimes Commission Chair Farida Waziri for "not abiding by the rule of law." He also warned that "neither Aondoakaa nor Waziri would be allowed into Rivers State until the Federal High Court recognize that the power to investigate the state's accounts rests with the State house of Assembly, not the Federal Government." At the same time, Amaechi also condemned the ceding of over 80 oil wells belonging to Rivers State to Akwa Ibom, and pointed out that he will not only challenge the ceding of the wells in court but the entire 186 wells involved. He claimed that the Niger Delta region was "always suffering from neglect and unfair treatment by the federal government" and that he had to "resort to use of State resources to repair the roads which belong to the federal government."

NARCOTICS NEWS

¶9. (U) UK AND GON SIGN MOU ON ANTI-NARCOTICS OPERATIONS: On July 21, ThisDay reported that the U.K. signed a Memorandum of Understanding (MOU) with the GON to fight trafficking in hard drugs, just as the GON sacked 70 officials of the National Drug Law Enforcement Agency (NDLEA) for allegedly compromising their duties. The MOU will allow the U.K. to reposition NDLEA operations with better technical expertise. Acting British High Commissioner to Nigeria, Peter West, described the joint cooperation as "a welcome development that must be promoted globally." He added that "a study carried out in 2006 by Britain and other stakeholders revealed that West Africa was the most vulnerable transit region for Colombian drug traffickers."

ECONOMIC NEWS

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¶10. (SBU) CBN LOWERS LENDING RATE, ANNOUNCES BANK CONSOLIDATION PROPOSAL: Similar to our reporting from Ambassador's July 8 and 13 meeting with the new Central Bank of Nigeria (CBN) Governor (ref B), that it would be implementing a new inter-bank rate and looking at performance of banks, the press reported on July 23 that the Central Bank of Nigeria (CBN) lowered its inter-bank lending rate from 25 to 13 percent. The press also cited the CBN proposal for a new round of bank consolidations to begin early in 2010. In the July 7 meeting with the Ambassador, the CBN Governor had stated that these measures were under consideration (ref B). The announcement indicates that the CBN Governor is implementing his proposals. The objective of the first measure is "to inject liquidity into the market and promote sustainable growth and development." Until July 17, banks lent to each other at the 25 percent interest rate. Since then, the inter-bank lending rate has fallen to 13 percent. CBN's aim with the proposed bank consolidation is to reduce the number of banks from 24 to around 15. In Ambassador's previous conversations with the CBN Governor, he clearly stated his preference for further consolidations, but only market driven consolidations. He also stated that he would support and encourage mergers and acquisitions among banks, both domestic and foreign, and provide any assistance to those weak banks that choose to merge with other strong banks. The press reported that the outcome of the banks' audits, currently underway, would determine whether the new round of consolidations would be CBN or market driven. Post will monitor the situation and report septel.

¶11. (SBU) SENATE OKAYS NATIONAL CLIMATE CHANGE COMMISSION: According to press reports on July 22, 2009, the Nigerian Senate passed a bill for the establishment of a National Climate Change Commission. The House of Representatives now has to pass the legislation before the president can sign it into law. The bill stipulates that the Commission will receive funding from the Ecological Fund as well as revenues from carbon financing. The Commission is expected to tackle key issues of desert encroachment, deforestation and ocean surge and other environmental issues that arise from global climate change. In addition, the Commission will coordinate and formulate Nigeria's response to issues of climate change and play a significant role environmental-related crisis in the Niger Delta.

¶12. (U) NEMA WARNS OF NATURAL DISASTER: On July 11, Director General of National Emergency Management Association (NEMA) Mohammed Audu- Bida disclosed that Nigeria is prone to natural disasters that could have a negative impact on social and economic development if adequate measures are not taken. Audu-Bida pointed out that southern parts of Nigeria are under threat of flooding and deforestation, and emphasized that climate change is causing rising sea levels, coastal and marine erosion, and flooding, particularly in South- South and South-West.

¶13. (U) NIGERIA-US TRADE HITS \$42.2 BILLION: On July 13, during a seminar on consumer protection organised by the United States Federal Trade Commission and Nigerian Consumer Protection Council, Permanent Secretary of the Ministry of Commerce and Industry, Linus Awute, disclosed that total trade volume between Nigeria and the United States was \$42.2 billion in 2008. Awute highlighted that the U.S. exports to Nigeria include vehicles, machinery, IT software, electronic gadgets, toys, wheat, and others. He added that Nigerian exports to the U.S. include petroleum, organic chemicals, cocoa and rubber.

¶14. (U) GON APPOINTED NEW HEAD OF NSEC: On July 17, the Arunma Oteh was appointed as the new head of the Securities and Exchange Commission (NSEC). Oteh was previously the Vice-President of the Corporate Services at the African Development Bank Group (AfDB).

¶15. (U) FIRST BANK TO OPERATE IN CHINA: Press reported on July 5 that First Bank of Nigeria was granted approval from the China Banking Regulatory Commission to open an office in Beijing. Group Managing Director and Chief Executive Officer of First Bank Bisi Onasanya stated that the First Bank's expansion highlights the steady rise of the Nigeria's banks in the international financial

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market.

¶16. (SBU) SECURITY EXPANDING AT ABUJA INTERNATIONAL AIRPORT: The Transportation Security Administration (TSA), in partnership with the GON, conducted a Man Portable Air Defense System (MANPADS) assessment for the Nnamdi Azikiwe International Airport in Abuja from July 13 - 17. A two person Federal Air Marshall (FAM) Team led the assessment, accompanied by Embassy Air Attach and approximately 20 representatives from Nigeria's Airport Security, State Security Service (SSS), the Nigerian Police, Air Force, Office of the National Security Advisor, and Customs. The assessment concluded with a training session on MANPADS including video of actual incidents. TSA will prepare a written report on their findings within 60 days.

DELTA INCIDENTS

¶17. (U) SIX ATTACKS IN LAST TWO WEEKS: Militants continued their intensified campaign against oil installations with six attacks in the last two weeks, including one spectacular attack under the nose of the Nigerian Navy in Lagos. Although the Movement for the Emancipation of the Niger Delta (MEND) took credit for all attacks, there are strong indications that the militants behind the most recent attacks are only very loosely tied to MEND and certainly not controlled by the alleged leader of MEND, Henry Okah, who was released from prison under the GON's amnesty terms on July 13.

¶18. (U) DETAILS OF RECENT ATTACKS: According to press accounts, six expat crewmembers (no Americans) were removed from a chemical tanker operating off Escravos in Delta State on July 5. The press also reported that on the same day, an attack was made against a Shell oil well in Rivers State and a Chevron manifold in Delta State. On July 8, two further attacks were made on facilities in Bayelsa State, affecting facilities owned by Shell and Agip according to the media. The attack in Lagos, the first such attack outside the Niger Delta, occurred on July 12.

¶19. (U) TOTAL ATTACKS: This brings to date the number of attacks against oil facilities since the start of the military Joint Task Force (JTF) offense on May 15 to over 20. An estimated 589,000b/d are now shut in, according to a report presented by the Group

Managing Director of the Nigerian National Petroleum Corporation
(NNPC) Mr. Mohammed S. Barkindo to the oil and Gas workers in Abuja
on July 4.

SANDERS